

Real Estate Appraiser Course Provider Handbook

State of California

OFFICE OF
REAL ESTATE APPRAISERS



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State of California

OFFICE OF REAL ESTATE APPRAISERS

GRAY DAVIS

Governor

MARIA CONTRERAS-SWEET

Secretary, Business, Transportation and Housing Agency



1755 Creekside Oaks Drive, Suite 190
Sacramento, CA 95833-3637
Telephone (916) 263-0722
Fax (916) 263-0887
Website www.orea.ca.gov

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Introduction

BACKGROUND

Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) of 1989, a federal law, requires all states to regulate individuals who appraise real property in federally related transactions. In response to that Act, the California Legislature created the Office of Real Estate Appraisers (OREA) to ensure that only those appraisers who meet the minimum requirements for education and experience become licensed, and to educate and discipline those licensed appraisers who violate standards of professional conduct.

ABOUT THIS HANDBOOK

Providers wishing to offer courses for use by appraisers in satisfying educational requirements must obtain OREA accreditation as a provider, as well as accreditation for any courses to be offered. This handbook contains information regarding the minimum requirements for such accreditation. Every effort has been made to ensure the information is current and accurate as of August 1, 1998. However, as with any program, changes may occur.

Please read all directions carefully and completely. Also, please do not attempt to complete the application forms until you have read and understood all of the instructions.

Retain this handbook after you have applied. It contains information regarding criteria for course approval, what to do to revise your approved courses and record-keeping requirements.

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ACCREDITATION BY OREA

As indicated in the previous section, OREA accredits both course providers and the individual courses

offered. Upon documented proof of satisfaction of all requirements, a school will be issued an OREA course provider approval number. Similarly, OREA reviews individual courses and issues a course approval number if all requirements have been met.



Course Provider Accreditation

Course providers must be accredited by OREA to offer approved educational courses to real estate appraisers. To apply for OREA accreditation, course providers must submit a *Course Provider Accreditation* (REA 3013), along with all required fees and attachments. Course provider accreditation is issued for a period of up to four years and may be renewed. However, accreditation automatically expires any time the provider does not offer an OREA approved course in two consecutive years.

ACCREDITATION CRITERIA

OREA course providers must :

- ◆ Ensure that all instructors hired to teach OREA accredited courses meet at least one of the following qualification criteria:
 - A bachelor's degree or higher degree in a field related to real estate appraising from a school listed as an institution of higher learning by the U.S. Office of Education, or from a comparable school of a foreign country;
 - A valid teaching credential or certificate, authorizing the holder to teach in the field of knowledge covered in the offering;
 - Five years full-time experience in the field being taught; or
 - A combination of full-time experience and full-time college level education totaling at least five years.
- ◆ Maintain business records for a period of at least five years and provide any records to OREA within 30 days upon receipt of a written request. These records must include, at a minimum:
 - Business and mailing address of course provider as on file with OREA;
 - Written records of attendance and grades for each student; and
 - The principal place of business or the mailing address at which each of the instructors of OREA accredited courses can be contacted.
- ◆ Submit a written notification of any change in business or mailing address within 10 days of the change.
- ◆ Maintain a student record for each participant for a period of at least five years from the completion of the course, which must include, at a minimum:
 - The OREA accreditation number for the offering;
 - Name and address of each participant;
 - Course title and hours of credit approved;
 - Date(s) of course and date of course completion;
 - Name and address of course provider;
 - Identity of verifier of attendance; and
 - Course grade or other evidence of satisfactory completion.

Course Provider Accreditation (continued)

- ◆ Ensure that all advertising:
 - Clearly identifies the provider as being accredited by OREA, along with the provider's OREA approval number;
 - Clearly identifies those courses which have been accredited by OREA, along with the course's OREA approval number or, in the alternative:
 - √ A clear statement that not all courses offered by the course provider are necessarily OREA approved; and
 - √ A clearly legible telephone number and address for the course provider which may be utilized by those interested in determining if a specific course offered by the provider has been approved by OREA, and its approval number.
 - Clearly contains the dates of initial publication or distribution; and
 - All advertising shall NOT:
 - √ State or imply any endorsement of the course provider or any course by OREA or the State of California other than the applicable OREA approvals;
 - √ Include any false, misleading or deceptive information;
 - √ Include any asterisk or other reference symbol to contradict or to change the ordinary meaning of the material in the body of the advertisement; and
- √ Contain any offers or inducements precluded by law.
- ◆ Provide the following information to each student upon enrollment:
 - Course outline;
 - Refund policy;
 - Grading policy; and
 - Rules of classroom conduct.
- ◆ Provide a completion certificate (see enclosed sample) to the student within 15 days of successful completion of the course, which must include, at a minimum:
 - OREA course approval number;
 - Name and address of the student;
 - Name and address of the course provider;
 - Course title;
 - Type of presentation (classroom or correspondence);
 - Date of successful completion of the course;
 - Date of final examination (basic education courses only);

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Course Provider Accreditation (continued)

- A statement that the student was in attendance for 90 percent of the course hours (for continuing education courses only);
 - Name, title and signature of the person who verifies completion of the course; and
 - A statement under penalty of perjury by the person signing the certificate that the information contained is true and correct.
- ◆ Cooperate with OREA in the investigation or auditing of courses, instructors, students and education providers.
- ◆ OREA will notify the course provider in writing, setting forth the reasons for denial or withdrawal of accreditation.
 - ◆ Within 30 days of receipt of the notification, the course provider may submit a written request for a hearing.
 - ◆ The Director or designee will hold a hearing within 90 days of receipt of the written request for a hearing, unless another date is agreed upon in writing by both parties.
 - ◆ The Director or designee will issue a written decision within 30 days of the hearing.

SUBCONTRACTORS, AGENTS AND FRANCHISEES

Course providers shall be responsible for the actions of their subcontractors, agents and franchisees for activities related to their course provider accreditation and shall ensure that all persons and entities comply with all requirements. In addition, all contracts entered into by or on behalf of course providers for services shall contain a requirement that the service providers comply with all provisions of law related to their course provider accreditation.

DENIAL OR REVOCATION OF COURSE PROVIDER ACCREDITATION

Course providers which do not meet minimum requirements will not be accredited.

A course provider which has been accredited by OREA will have the accreditation withdrawn if OREA determines that the provider no longer

meets or has violated the requirements for course provider accreditation. The process for denial or withdrawal is as follows:

Please note, in any hearing, the burden of proof that the course provider complies with the requirements is on the party seeking accreditation.

Individuals completing courses in which registration was completed prior to the date of revocation of the course provider accreditation will receive OREA credit.

In addition, individuals completing courses which were offered by providers which have been denied accreditation may apply for credit of the course by submitting a *Petition of Equivalency Credit* (REA 3005) with all required attachments and fees. Submittal of this form, however, does not ensure OREA credit for the course.

Course Accreditation

Educational course offerings are divided into two categories: basic education and continuing education. Basic education courses are those which are taken to satisfy the minimum education requirements for an appraiser license. Continuing education courses are those taken by a licensed appraiser to renew his or her license. An accredited OREA course provider must submit a *Course Accreditation and Description* (REA 3014) along with all required fees and attachments in order to have a course accredited by OREA.

BASIC EDUCATION

To qualify for an appraiser license, an applicant must complete a minimum number of acceptable hours and specific topics as required by the Appraiser Qualifications Board (AQB) of The Appraisal Foundation.

There are four levels of appraiser licensing and as of January 1, 1998, the required number of hours of basic education for each level are as follows:

- ◆ **Trainee License** - 90 hours, which must include a minimum of 15 hours on the Uniform Standards of Professional Appraisal Practice (USPAP).
- ◆ **Residential License** - 90 hours, which must include a minimum of 15 hours on USPAP.
- ◆ **Certified Residential License** - 120 hours, which must include a minimum of 15 hours on USPAP.
- ◆ **Certified General License** - 180 hours, which must include a minimum of 15 hours on USPAP.

In addition to the hours noted, applicants must complete education covering each of the required topics for a particular license level, as noted on the following page. A course syllabus and *OREA Topic Matrix* (REA 3015) must be submitted for each course indicating the topics covered in the course. A minimum of one hour must be spent on a topic in order for it to be a covered course topic.

Basic education courses also must:

- ◆ Include a closed book final examination per established AQB appraiser qualification criteria. Questions which appear in the final examination cannot be reviewed with students before, during or after the course;
- ◆ Be a minimum of 15 hours in length, not including time allotted for the final examination; and
- ◆ Adequately cover at least one of the required topics indicated on the following page.

CONTINUING EDUCATION

To renew an appraiser license, the licensee must complete the number of hours of continuing education as required by AQB. As of January 1, 1998, AQB requires each licensee to complete 14 hours of continuing education for each year of licensure.

A continuing education course or seminar must be a minimum of 2 hours in length and is not required to have a final examination. If a course includes a final examination, the examination hours themselves are ineligible for continuing education credit. In addition, the course must cover

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Basic Education Topics

The following table shows the AQB basic education topics required for each license level.

| AQB Topic | License Level | | |
|---|-------------------------|--------------------------|----------------------|
| | Trainee/ Residential | Certified Residential | Certified General |
| Influences on Real Estate Value | X | X | X |
| Legal Considerations in Appraisal | X | X | X |
| Types of Value | X | X | X |
| Economic Principles | X | X | X |
| Real Estate markets and Analysis | X | X | X |
| Valuation Process | X | X | X |
| Property Description | X | X | X |
| Highest and Best Use Analysis | X | X | X |
| Appraisal Statistical Concepts | X | X | X |
| Sales Comparison Approach | X | X | X |
| Site Value | X | X | X |
| Cost Approach | X | X | X |
| Income Approach: | | | |
| • Gross Rent Multiplier | X | X | X |
| • Estimation of Income and Expenses | X | X | X |
| • Operating Expense Ratios | X | X | X |
| • Direct Capitalization | | X | X |
| • Cash Flow Estimates | | | X |
| • Measures of Cash Flow | | | X |
| • Discounted Cash Flow Analysis | | | X |
| Valuation of Partial Interests | X | X | X |
| Appraisal Standards and Ethics (USPAP)* | X | X | X |
| Narrative Report Writing | | X | X |

*Effective January 1, 1998, all applicants for a real estate appraiser license must complete a minimum of 15 hours on the Uniform Standards of Professional Appraisal Practice (USPAP).

NOTE: The Appraisal Standards Board of The Appraisal Foundation publishes a *Guide for Instructors Teaching Courses or Seminars on the Uniform Standards of Professional Appraisal Practice*. All course providers offering courses which include the Appraisal Standards and Ethics topic are strongly encouraged to obtain a copy of the guide from :

The Appraisal Foundation
 1029 Vermont Avenue NW, Suite 900
 Washington, D.C. 20005
 (202) 347-7722

Course Accreditation (continued)

appraisal-related topics such as:

- ◆ Ad valorem taxation;
- ◆ Arbitration;
- ◆ Business courses related to practice of real estate appraisal;
- ◆ Development cost estimating;
- ◆ Ethics and standards of practice;
- ◆ Land use planning, zoning, taxation;
- ◆ Management, leasing, brokerage, timesharing;
- ◆ Property development;
- ◆ Real estate appraisal, valuation;
- ◆ Real estate law;
- ◆ Real estate litigation;
- ◆ Real estate financing and investment;
- ◆ Real estate appraisal-related computer applications;
- ◆ Real estate securities and syndication; and
- ◆ Real property exchange.

DISTANCE EDUCATION

Distance education courses include those offered via correspondence, internet, video, computer study, etc. OREA does not approve distance education courses unless the course meets

all OREA requirements, in addition to all of the following:

Basic Education

- ◆ The course is either offered by a college or university which is accredited by a regional accrediting body of the U.S. Office of Education which offers distance education courses in other disciplines, or is approved by the American Council on Education's College Credit Recommendation Service;
- ◆ The individual successfully completes a written examination personally;
- ◆ The examination is administered by an official approved by the college or university;
- ◆ The course meets the requirements for AQB appraisal-related courses; and
- ◆ The course is a minimum of 15 classroom hours.

Continuing Education

- ◆ The course is either offered by a college or university which is accredited by a regional accrediting body of the U.S. Office of Education which offers distance education courses in other disciplines, or is approved by the American Council on Education's College Credit Recommendation Service;
- ◆ The course meets the requirements for AQB appraisal-related courses; and

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Course Accreditation (continued)

- ◆ Any course which is 15 hours or more includes a final examination which must be proctored by an official appointed by the presenting entity or by the sponsoring organization, consistent with the requirements of the course accreditation.

Distance education courses less than 14 hours in duration which are not approved by either an accredited college or university or the American Council on Education's College Credit Recommendation Service may be approved for continuing education at the Trainee and

Residential License levels only, provided the course meets all other OREA and AQB requirements.

TERMS OF ACCREDITATION

Course accreditation shall be for a term of four years after which the course provider must apply for renewal by submitting all applicable forms and required fees.



OFFICE OF REAL ESTATE APPRAISERS
1755 CREEKSIDE OAKS DRIVE, SUITE 190
SACRAMENTO, CA 95833-3637

BOOKS